



To: cr_board_clerk Clerk Recorder/ClerkRec/COSLO@Wings, Nikki Schmidt/Admin/COSLO@Wings,
Cc:
Bcc:
Subject: Fw: Additional Comments re: Objection to Establishment of and Mandatory Participation in a County-Wide TMD (April 7th Board Meeting Agenda Item)
From: Debbie Arnold/BOS/COSLO - Monday 03/30/2015 03:52 PM
Sent by: Jennifer Caffee/BOS/COSLO

Debbie Arnold
Supervisor, 5th District
San Luis Obispo County
(805) 781-4339

----- Forwarded by Jennifer Caffee/BOS/COSLO on 03/30/2015 03:52 PM -----

From: "Patricia Bennett" <pab17@charter.net>
To: "Supervisor Debbie Arnold" <darnold@co.slo.ca.us>
Date: 03/30/2015 11:10 AM
Subject: Additional Comments re: Objection to Establishment of and Mandatory Participation in a County-Wide TMD (April 7th Board Meeting Agenda Item)

Anthony J. Vincolisi, Jr.
Patricia A. Bennett
B-W Gallery Guesthouse

Atascadero, CA 93422

March 30, 2015

Supervisor Debbie Arnold
San Luis Obispo County Board of Supervisors
Email: darnold@co.slo.ca.us

Re: Additional Comments re: Objection to Establishment of, and Mandatory Participation in, a County-Wide TMD
(April 7th Board Meeting Agenda Item)

Dear Supervisor Arnold,

Thank you once again for taking time to consider our earlier thoughts and comments at our meeting in Santa Margarita earlier this month and for your gracious telephone message afterward. A copy of our earlier email to you is included below for your convenience and reference.

Following the March 10th Supervisors' Meeting, the Tribune published an article by David Sneed concerning the TMD.

If we may, we'd like to address a couple additional concerns we now have after reading his article.

First, Mr. Sneed wrote that while Supervisor Gibson supported exempting business owners of vacation rentals and bed-and-breakfast inns from a mandatory countywide TMD, other supervisors disagreed, "saying that the marketing district will benefit all businesses in the county". Respectfully, this begs the question of why are only the lodging business owners being singled out to financially support a TMD, if its stated benefit is intended to affect all businesses in the county?

As it stands now, approximately 3% of the County's lodging business owners (mostly large hotels and at least one rental agency) support a countywide TMD, and due to their financial advantage, seek to impose mandatory membership and monthly assessments on all lodging business owners, even though the majority of vacation rental, bed-and-breakfast, and homestay business owners already know from past experiences they neither want nor will they benefit from a Countywide TMD.

If those who favor a countywide TMD argue that it will benefit all businesses in the county, then we respectfully submit it is only fair and reasonable that mandatory participation in, and a related monthly assessment to support, a countywide TMD be imposed upon on all businesses throughout the County -- not just the lodging business owners.

Alternatively, and as mentioned in our earlier email (below), we suggest that voluntary participation offered to all business in the county would be the fair and reasonable method of financing the TMD. Such a voluntary membership and related membership fee is, in fact, the Countywide standard for all other tourism related agencies throughout the county such as the Chambers of Commerce and the VCB, etc. Membership would afford those who feel they will benefit from a countywide TMD to have their businesses exclusively featured in the TMD's advertising and other efforts. If the TMD's effort is successful and beneficial, it would reasonably follow that all businesses will voluntarily choose to join.

Second, a comment was also included in the Sneed article that "[t]he proposal enjoys the support of a majority of the lodging business owners based on petitions filed by them to form the district." But we respectfully submit that this statement is clearly not true.

As you know, and as we mentioned in our earlier email, the proposal to form the TMD is not supported by a *numerical* majority of the lodging business owners in SLO County, but rather the TMD is supported by a *financial* majority of business owners (who account for less than 3% of all lodging business owners in the County). From our experience, the vast majority of Vacation Rental, B&B and Homestay business owners have already tested and assessed their

alternative marketing strategies and have found they would not benefit from a Countywide or any other type of TMD and do not want to be forced to participate in it or finance it.
As was explained to me by Nikki Schmidt, the proposal is going forward based on a *financial* majority of lodging business owners -- primarily, if not all, large hotels and a rental agency that account for approximately 3% of the total lodging business owners in the County.

Instead of the ethical imperative we all live and work under, which is to say one person or one business is entitled to one vote, the financial might of just a few has left a serious imbalance of power in the hands of just a few who seek to impose their will on the vast majority, who neither want nor will benefit from mandatory membership in a countywide TMD.

We have always maintained a proper business license for our gallery and our vacation rental and have always paid our required taxes.
Like every other Vacation Rental, B&B, and Homestay business owner we've talked with, in the past we have joined various chambers of commerce in the County, as well as the County's Visitors and Conference Bureau (VCB), and a local vacation rental agency.
We never received any referrals or rentals by virtue of our memberships in any of the Chambers of Commerce or the VCB and we received such minimal referrals from the rental agency that it became financial untenable for us to continue.
As small-business owners, we must spend our limited marketing dollars wisely.
Through trial and error of the free market, we have found a marketing strategy that provides the best return on our investment, allowing us to participate in the financial well-being of our County while having the free choice to market our business in a manner that is financially viable for us.

Once again, thank you for your consideration of these additional thoughts and concerns, and for your most gracious telephone message following our meeting in Santa Margarita earlier this month.

Respectfully,

Patricia Bennett
A.J. Vincolisi
B-W Gallery Guesthouse

patjim@b-wgallery.com

The following is our earlier email to you sent March 9, 2015, included here for your convenience and reference.

Anthony J. Vincolisi, Jr.
Patricia A. Bennett
B-W Gallery Guesthouse

Atascadero, CA 93422

March 9, 2015

Supervisor Debbie Arnold
San Luis Obispo County Board of Supervisors
Email: darnold@co.slo.ca.us

Re: Objection to Establishment of and Mandatory Participation in a County-Wide TMD

Dear Supervisor Arnold:

I was one of the business owners at the informal meeting held Friday afternoon at the Porch in Santa Margarita. It was a pleasure to meet you.

Thank you for your time and consideration that day.

My husband, Jim Vincolisi, and I are co-owners of B-W Gallery Guesthouse, a single vacation rental unit located in an unincorporated area of San Luis Obispo County just south of the city of Atascadero. Our address is 9315 Santa Clara Road, with the city and zip code designations of Atascadero, CA 93422. Our business email is patjim@b-wgallery.com. Our phone number is 805-460-9776.

Our vacation rental is a furnished second story apartment; the first floor houses a gallery of fine art black and white photography. Both our vacation rental and our gallery have always been licensed businesses, for which we pay a yearly license fee and for which we pay all relevant county taxes including the 9% TOT.

We are writing to you regarding the proposed formation of a county-wide tourism marketing district (TMD) and to respectfully express our objection not only to the establishment of a county-wide TMD, but also to our mandatory participation in same requiring a yearly mandatory assessment. We have filed our formal protest form with the County by emailing same to Nikki Schmidt, the Administrative Analyst listed on the County's protest form, per Ms. Schmidt's instructions during a telephone conversation with her on Friday, March 6.

We respectfully object to the formation of the TMD and to our mandatory participation for several reasons, as follows.

First, we have been advised that according to County records, the proposed formation of the TMD as well as the mandatory participation by all lodging businesses within the County of San Luis Obispo is based

on a petition and supported by only 36 of the more than 1035 lodging businesses located in unincorporated areas of the County, of which we are a part. Inside the various incorporated cities throughout the County, it appears only hotels and one vacation rental agency in Pismo Beach support the formation of a county-wide TMD. By its own definition as set forth in its Notice, the lodging businesses that support a county-wide TMD represent more than fifty percent (50%) of the financial assessments anticipated to establish and support the proposed TMD. As further set forth in its Notice, it is this financial majority, represented by what we understand to be less than 10% of all lodging businesses in the County that forms the basis upon which the Board of Supervisors is considering the establishment of a County-wide TMD with mandatory participation of all lodging businesses throughout the County.

Still further, by using the County's definition as contained in its formal notice, even if a formal protest was filed by each and every one of the other 1065 or more lodging businesses throughout the County, the total potential financial assessments cannot represent more than 50% of the whole, since the Notice states that current supporters of the TMD already represent 50% or more of the anticipated financial assessments (because they are large multi-unit hotels and a rental agency). Thus, the vast majority of lodging businesses, many of whom are small establishments like ours -- 1065+ -- according to the County's statistics -- will have no real voice in the establishment of a TMD, or in the collection of a yearly (or monthly) assessment/tax, or in the related accounting that will be required of all businesses.

We share the concerns of other B&B owners with identical concerns as ours. It is a per bed, not a per business vote count which heavily favors large hotels and does not accurately represent the local B&B businesses. Only a handful of large hotels are needed to support the TMD, which means that a few big businesses create the destiny for us all, and they are imposing on the multitude of small business owners a TMD that we don't want, denying us fair representation.

Second, since San Luis Obispo County already has a long established Visitors and Conference Bureau, the establishment of a new TMD is redundant. Also, as discussed below, the SLO VCB and similar organizations such as the Chambers of Commerce have proven ineffective as marketers for our small business.

If the Board of Supervisors votes to establish a county-wide TMD, we respectfully urge that it be established with a voluntary membership only, supported financially and in every other way by those who are urging its establishment.

We have a single vacation rental unit that co-exists with our fine-art gallery. We pay our annual business license fees and taxes, and we must spend our limited marketing dollars wisely.

If a voluntary-membership TMD is successful and if it can prove after a while that it offers a serious financial benefit to a small lodging business like ours, we would, of course, consider joining and supporting it.

In the past, however, we have joined the County's Visitors and Conference Bureau, as well as local Chambers of Commerce, paid our dues, participated in whatever way was asked of us, and received absolutely no financial or other benefit in return. We also joined a local rental agency, paid their substantial yearly fees and received financially inconsequential benefit. It was imprudent for us to continue our membership in any of these organizations. We have since determined the most effective marketing strategy for our business and have terminated our associations with the Visitors and Conference Bureau, the various Chambers of Commerce and a local rental agency. We do, however, provide a benefit for all these organizations and their members at no cost to them.

We successfully utilize the marketing tool of Airbnb. We and Airbnb act as strong ambassadors for the entire County, including other lodging business, restaurants, the Chambers of Commerce throughout the county and their members, the Visitor and Conference bureau and their members, etc.

We again share the concerns of other B&B owners whose concerns are identical to ours. The stated purpose of the proposed TMD in the County's Notice is vague and unspecific. What is meant to be achieved? If there is a problem or issue that is meant to be resolved or a goal accomplished, what is it? How is the current TOT being utilized and where is accountability for that revenue?

Third, the Notification regarding the proposed TMD and all related hearings and protest filings was, at best, confusing and appears to contain conflicting information.

The Notice from the County Clerk Recorder's office was dated February 11, 2015, but was post-marked February 18, 2015. On February 20, 2015, we received the Notice and were only then effectively advised of the proposed TMD, of our potential mandatory assessment and participation, and of the related hearings and filing deadlines.

That February 11th Notice referred to an enclosed formal Protest Form, which had to be used and submitted in order to effectively register our protest with the County and be included in its final vote count. The Notice, however, did not include the referenced formal Protest Form.

On Thursday March 5th, we received a second mailing from the County Clerk Recorder's office dated February 27th with the formal protest form included and a written apology for failing to include it with the original Notice. There was conflicting information regarding the final date to submit the Protest Form. When

we failed to receive the formal Protest Form,
we went online. The online form states the final deadline to file the Protest Form is “prior to the close of the hearing on May 13, 2014 [sic].

The February 11, 2015 Notification stated the Protest Form must be filed “prior to the start of the public hearing on April 7, 2015.

Notwithstanding these conflicting and/or erroneous dates, complying with either one would render the formal Protest moot because according

to the Notice the decision whether to move forward will be decided on Tuesday, March 10th when the public is invited to comment and discuss the proposed TMD and assessments. According to the Notice, the Board has set “April 7, 2015 as the date for the public hearing to establish the TMD and levy of assessments.”

Fourth and finally, we were not in business 2008 as a vacation rental, but it is our understanding that the issue of the TMD’s relevance for us and similar business owners was debated and decided at that time. By raising the issue again and requiring time consuming hearings, responses and formal filings, with all due respect, seems to us unnecessary and unacceptably burdensome.

We respectfully urge that if the Board of Supervisors ultimately votes to establish a county-wide TMD, that it be established with voluntary membership only, and supported financially and in every other way only by those proponents who view it as beneficial to their businesses and urge its establishment.

Thank you for your consideration of our thoughts and concerns shared in this correspondence.

Sincerely,

Anthony J. Vincolisi, Jr.
Patricia A. Bennett

RECEIVED

MAR 27 2015

Board of Supervisors
San Luis Obispo County



**PISMO COAST
VILLAGE, INC.**

EACH SUPERVISOR
RECEIVED COPY

Forwarded
to the
Clerk Recorder

Pismo Beach, California 93449

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March 24, 2015

Honorable Debbie Arnold
San Luis Obispo County Board of Supervisors
Room D-430, County Government Center
San Luis Obispo, CA 93408

RE : San Luis Obispo County Tourism Marketing District

Dear Chairwoman Arnold :

I want to thank you and the Board for allowing the proposed county Tourism Marketing District to move forward as presented. I think it is very important that all county lodging businesses understand and accept that they have and will continue to receive benefit from promotions made by the Visit SLO County organization.

As the operator of an RV park in Pismo Beach, I fully understand the value of the TMD. Yes, we do primarily target market RV user demographics. However, I also recognize that these same folks are looking countywide for activities to enjoy while in the area. This totally fits our business marketing strategy as our fulfillment states, "use Pismo Coast Village as your home base as you explore the Central Coast". I believe promoting our abundant county recreational opportunities encourages our guests to come more often and stay longer. So, for our lodging business, we look forward to participating in the TMD, and taking advantage of the promotions and partnerships.

As a former twelve-year member of the Pismo Beach Conference and Visitor Bureau, and having served two four-year terms as a commissioner on the California Travel and Tourism Commission (Visit California), I understand the value and need for the TMD. I have seen the benefits of cooperative marketing, and how it stretches the dollar, increases the market reach, reduces redundancy, and strengthens the brand. I have also seen the strength of our competitors to the north and south increasing market share as their TMD's grow and mature.

I ask for your continued support and approval of the TMD on April 7. Our county deserves and needs a sustainable and professional marketing program.

Respectfully Submitted,

Jay Jamison
CEO/General Manager



To: Nikki Schmidt/Admin/COSLO@Wings, cr_board_clerk Clerk
Recorder/ClerkRec/COSLO@Wings,
Cc:
Bcc:
Subject: Fw: TMD
From: Jennifer Caffee/BOS/COSLO - Thursday 04/02/2015 09:36 AM

Jennifer Caffee
Legislative Assistant
5th District Supervisor Debbie Arnold
San Luis Obispo County

----- Forwarded by Jennifer Caffee/BOS/COSLO on 04/02/2015 09:35 AM -----

From: "Carolyn @ Chanticleer" <info@chanticleervineyardbb.com>
To: fmecham@co.slo.ca.us, vshelby@co.slo.ca.us, bgibson@co.slo.ca.us, cmckee@co.slo.ca.us,
ahill@co.slo.ca.us,
hmiller@co.slo.ca.us, lcompton@co.slo.ca.us, jbrennan@co.slo.ca.us, darnold@co.slo.ca.us, Jen Caffee
<jcaffee@co.slo.ca.us>
Date: 04/02/2015 08:33 AM
Subject: Fwd: TMD
Sent by: chanticleervineyardbb@gmail.com

Dear Supervisors,

First, thank you for your time and the face to face meetings to hear and consider our concerns.

I am writing to again urge you to vote to allow B&B's, Vacation Rentals, and Recreations Vehicle parks to be left out of the

Tourism Marketing District proposal. This district is being self promoted by Visit SLO and special interest groups in the

county lodging industry. The majority of our segment do not see any added benefit by our mandated inclusion.

Here are some of my concerns:

1. Notification process.

As I know others have addressed this topic I will not repeat my specific concerns.

But am

very willing to discuss them if you wish. Please feel free to contact me.

2. The San Luis Obispo County's Land Use ordinances views B&B's located on other than Recreation, Office,

and Commercial land separately from hotels. In my situation, our residence in our property is primary to being

allowed to operate our business. I see a conflict in the application of purely "business district" guidelines on my

"property" based business. (See below CHAPTER 22.30 - STANDARDS FOR SPECIFIC LAND USES)

CHAPTER 22.30.260 - STANDARDS FOR SPECIFIC LAND USES

The following standards apply to bed and breakfast facilities located in other than the Recreation, Office and Commercial land use categories.

A bed and breakfast in the Recreation, Office and Professional and Commercial categories is instead subject to the provisions of Section 22.30.280

(Hotels and Motels). This Section does not apply to the rental of bedrooms in a residence to the same tenants for longer than seven days, although

the County Tax Collector may still require special fees and/or licensing for any residential rental less than 30 days.

A. Limitations on use.

1. **A bed and breakfast shall be established only in a single family dwelling** that has been determined by the Review Authority to be

of historical or architectural interest...

B. Limitation on size. A bed and breakfast shall provide no more than the following number of guest rooms. Except for facilities proposed in compliance with

Subsection A.1.a ("Where the bed and breakfast is located on a site in the Agriculture, Rural Lands and Residential Rural categories with an existing conforming visitor-serving facility (e.g., winery, riding stable, health resort")..., **the rest of the dwelling shall solely be used by the family in permanent residence.** Where a bed and breakfast inn is proposed as provided for in Subsection A.1.a., a family does not need to be in permanent residence within the inn.

I see a blur in the definition of benefits between our "real property" and our business. I also question the inclusion of Residential and Ag zoned properties in the TMD per Section 36632 of the 1994 Street and Highway Code.

Section 36632.

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. **The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.**

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

3. The need for this TMD has not been demonstrated.

(I am having difficulty sending this email with the attachments and don't want to delay your receiving this in time for it to be read. In between my making breakfast, checking out guests, cleaning and preparing for my new guests arrival, I will try and work on reducing their size later today and try to send them separately. Thank you for your patience.)

Attachments below (**Attachments C 1-4**) are the pie charts provided by Visit SLO in an April 2014 presentation to Morro Bay. In this presentation they identify the competition as Monterey, Santa Barbara, Sonoma and Napa. Looking at the available beds, occupancy rates, and TMD revenue they clearly paint the picture of a **lack**

of need rather than the **urgent need** for this TMD. These charts show that there are existing effective marketing strategies already operating, without the expense of this TMD. **occupancy rate** - the percentage of all rental units (as in hotel rooms) are occupied or rented at a given time.

I see the advantages for San Luis Obispo County as a whole being branded, but I do not see the need to charge our already acquired guests such a large additional expense for an unnecessary "global" campaign.

4. We will gain no more advantage from this TMD than the other county wide restaurants, merchants, and retailers that were not provided the opportunity to participate in the petitioning/protesting of this TMD.

When I asked Stacie Jacob's from Visit SLO why those in support of this TMD are so insistent that we participate I was given what I interpret as a generic answer.

" Everyone benefits from countywide marketing both directly and indirectly."

This was not a rhetorical question, and I have yet to hear an answer that justifies my mandated participation.

It is hard not to be defensive when there is an attempt being made to force you to participate in something that you do not want and see no special benefit.

I think those proposing this assessment are business minded and see including our categories as capturing the whole lodging market. Removing all out layers.

Whereas I am looking for the "special benefit" prescribed by the law to be demonstrated.

5. I have the current occupancy that I want. Our end goal is not the same as larger businesses.

This time of year a lot of my time is spent answering and returning calls and emails, checking my availability and seeing that my 3 room B&B is fully booked for the dates of the inquiry. This is time consuming and takes me away from my guests, the chores of my business, and possibly a break. As a partial solution I close some of my paid listing sites to decrease my inquiry volume. I look forward to the slower months to travel, catch up with friends and family and relax. My goal is not 100% occupancy as I expect it would be with a larger operation.

Thank you for your time and continued effort to understand the different objectives within our lodging community.

Sincerely,

Carolyn

Carolyn Stewart-Snow, Proprietress
Chanticleer Vineyard Bed & Breakfast

[.com](#)



To: cr_board_clerk Clerk Recorder/ClerkRec/COSLO@Wings, Nikki Schmidt/Admin/COSLO@Wings,
Cc:
Bcc:
Subject: Fw: Establishment of the SLO Tourism Marketing District.
From: Debbie Arnold/BOS/COSLO - Friday 03/27/2015 03:34 PM
Sent by: Jennifer Caffee/BOS/COSLO

Debbie Arnold
Supervisor, 5th District
San Luis Obispo County

----- Forwarded by Jennifer Caffee/BOS/COSLO on 03/27/2015 03:34 PM -----

From: James Bahringer <bahringerj@me.com>
To: darnold@co.slo.ca.us, lcompton@co.slo.ca.us, ahill@co.slo.ca.us, bgibson@co.slo.ca.us, fmecham@co.slo.ca.us
Date: 03/22/2015 10:33 PM
Subject: Establishment of the SLO Tourism Marketing District.

I oppose the formation at this time for three reasons.

1- It will make us instantly LESS competitive with those who have equal or higher TOT taxes assessed.

i.e. A car club is planning a rally in California –or- an international Bike route is being chosen - \$x0.00 extra

per participant may make a \$x00 to \$x0,000 difference for the group. If that scenario is not convincing, fine,

help me understand the -upside to increasing the cost?

2- If the County wants to increase revenue from tourists look no further than AirBnB. That site confirms

reservations for available units throughout the county. Some may be legitimate and registered yet many

accommodation providers are fearful of being restricted in some way.

I do not recommend placing restrictions on citizens renting available space in any substantial way, however

those exercising their right to rent would collect and willingly pay TOT if given the chance.

The county would collect 12% for each complying rental vs. this proposed 1% added heist from visitors.

By-the-way, Air BnB collects the entire rental fee and sends 97% to the owner. An easy audit trail is built-in.

3- Simply because (Government Code Section 54954.6 and Streets and Highway Codes Section 36600 et seq.)

allows the county to approve a self-proposed tax it does not demand such approval especially if the majority is marginal.

The initiative does not go without cost.

Postponing a decision here is wise until the other options of securing revenue into the counties unrestricted

coffers are examined.

Jim Bahringer

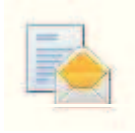
Solely Representing

Fog's End Bed & Breakfast

For Disclosure only,

Director - Cambria Community Serviced District

Board Member - Cambria Tourist Board (CTB)



**Fw: San Luis Obispo County Tourism Marketing District /April 7, 2015,
Agenda item #27**

Debbie Arnold to: Nikki Schmidt, cr_board_clerk Clerk
Recorder

03/31/2015 01:24 PM

Sent by: **Jennifer Caffee**

Debbie Arnold
Supervisor, 5th District
San Luis Obispo County

Caffee/BOS/COSLO on 03/31/2015 01:24 PM -----

From: Jeff Edwards <jhedwardscompany@gmail.com>
To: darnold@co.slo.ca.us, lcompton@co.slo.ca.us, "ahill: co.slo.ca.us" <ahill@co.slo.ca.us>, Frank Mecham <fmeccham@co.slo.ca.us>, "bgibson: co.slo.ca.us" <bgibson@co.slo.ca.us>
Cc: rneal@co.slo.ca.us
Date: 03/31/2015 01:14 PM
Subject: San Luis Obispo County Tourism Marketing District/April 7, 2015, Agenda item #27

Dear Board of Supervisors and County Counsel,
Please find the attached.
Feel free to contact me with any questions you may have.
Thank you,
Jeff Edwards
J.H. Edwards Company

Los Osos, CA 93412



TMD.docx

J. H. EDWARDS COMPANY
A REAL PROPERTY CONCERN
Specializing in Water Neutral Development

San Luis Obispo County Board of Supervisors
County Government Center, Room D320
San Luis Obispo, CA 93408
Debbie Arnold, Chairman of the Board

March 31, 2015

RE: San Luis Obispo County Tourism Marketing District/April 7, 2015, Agenda item #27

Hon. Board Chair and Supervisors,

By way of introduction, my firm represents several management companies that handle residential vacation rentals in Cayucos and Morro Bay. I respectfully request your board remove residential vacation rentals from the San Luis Obispo County Tourism Marketing District (TMD).

On March 10, 2015 your board held a Public Meeting to allow public testimony on the proposed Management District Plan as amended February 10, 2015 in connection with the TMD. Considerable discussion focused on what elements or businesses within the lodging industry in San Luis Obispo County should be subject to the proposed TMD assessment.

Vacation Rentals are Unique

Residential vacation rentals are unlike and unique from other forms of lodging as contemplated by the TMD. Each residential vacation rental is a small business and follows a substantially different business model than hotels, motels, bed & breakfasts (B&B), homestays and RV campgrounds. Residential vacation rentals offer a different visitor-serving experience and frequently accommodate families.

The Coastal Zone Land Use Ordinance (CZLUO) guides the operation of the various lodging forms. Section 23.08.165 addresses residential vacation rentals. 23.08.264 speaks to hotels and motels, 23.08.261 for B&B's and 23.08.065 is for homestays.

Section 23.08.165 (d) Vacation Rental Tenancy states "rental of a residence shall not exceed four individual tenancies per calendar month." No other lodging category has such a limitation on number of stays. Because of this limitation, overall occupancies for residential vacation rentals are severely restricted. This was crafted into the ordinance to help ensure that residential vacation rentals function like typical single-family homes, as opposed to hotel/motel scenario with considerable turnover. There is no such stay limitation on any other lodging forms thus distinguishing residential vacation rentals.

ACQUISITION , CA 93412 jhedwardscompany@gmail.com
MARKETING LAND USE REDEVELOPMENT

J. H. EDWARDS COMPANY
A REAL PROPERTY CONCERN
Specializing in Water Neutral Development

Lodging by the Numbers

- There are presently 1,051 lodging businesses in San Luis Obispo County (excluding cities).
- There are presently 928 vacation rentals in the unincorporated area of SLO Co.
- The current Transient Occupancy Tax in the unincorporated area is 9% plus 2% for the SLO Co. TBID.
- Gross lodging revenues for 2013 in SLO Co. including cities was \$231,560,000.
- Over 95% of vacation rentals in SLO Co. are in the unincorporated area. Note, the City of San Luis Obispo does not allow residential vacation rentals currently.
- Over 90% of residential vacation rentals are in the Coastal Zone of the unincorporated area of the county.
- Approximately 75% of all hotels and motels in the county are located in the cities.
- The average hotel/motel stay per booking is just under 2 nights.
- The average residential vacation rental stay per booking is approximately 5.5 nights.
- The maximum practical occupancy for residential vacation rentals, given the CZLUO stay limitation, is 65%.
- Current average hotel/motel occupancies in SLO Co. are approximately 60%.
- The most successful hotels and motels achieve an average occupancy of 80% or greater.

No Special Benefit for Vacation Rentals

The formation of the TMD is founded in the Parking and Business Improvement District law of 1994 as contained in Section 36660-36604 of the Streets and Highways Code. Inclusion of any lodging type in the TMD must confer or include a demonstration of a Special Benefit upon the property and associated business. It is not sufficient to knowingly include a lodging type in an assessment district that may only derive a general benefit from the formation of such a district.

On page 4 of the Management District Plan, it states, "The bottom-line purpose of the proposed SLOCTMD is two-fold: to put more heads in beds, and to increase the average daily rate charged for those beds. To that end, the programs to be funded by the SLOCTMD will have two specific goals: to increase demand for and revenue from room night sales, and to increase awareness of San Luis Obispo County as an overnight destination (which increased awareness will ultimately lead to further room night sales and revenue). The district will also work to increase the average stay-length; thereby increasing room night sales."

A Special Benefit may be conferred upon a lodging type if the TMD has the actual effect of increasing demand "more heads in beds" and resulting increases in revenues. Indirect benefits do not meet the test of a Special Benefit under the Streets and Highways Code.

Given the stay limitations for residential vacation rentals, as contained in the CZLUO, there is limited, if any, potential for such a "more heads in beds" result if included in the TMD. To further underscore this example, a very popular oceanfront vacation rental in Cayucos was occupied only 63% of the time from January through December of 2014. This is a direct result of the stay

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limitation of four (4) bookings per calendar month in the CZLUO for residential vacation rentals. Therefore there is limited, if any excess capacity for vacation rentals in contrast to other forms of lodging, principally hotels and motels.

Additionally, given that families are the mainstay of residential vacation rentals, there is a seasonality associated with the business because children are in school much of the year. Consequently, the length of stay has remained static at about 5.5 days per booking for residential vacation rentals.

On the other hand, hotels and motels have considerable excess capacity. Presently, the average occupancy rate for hotels and motels in San Luis Obispo County hovers at around 60%. Inclusion in the TMD may have the effect of increasing their occupancy and resulting revenues. These businesses have excess capacity that may be consumed as a result of additional marketing and branding. There is a clear Special Benefit to these lodging types. There is no Special Benefit from the TMD for residential vacation rentals.

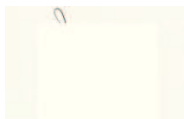
Your board may consider a finding of fact that based on substantial evidence would distinguish residential vacation rentals from other lodging types. In doing so, I respectfully request your board exclude or "carve out" all residential vacation rentals from the proposed TMD assessment.

On a procedural note, it has particularly difficult and problematic for residential vacation rental small businesses to protest the inclusion of residential vacation rentals in the TMD. Vacation rental managers represent dozens of individual units, yet are not able to cast a vote of protest for their clients. The protest procedure requires the individual homeowner to file a protest separately. Many of the owners are confused by the substance of the TMD formation consideration, but are even more at a loss as to how to participate.

In conclusion, I respectfully submit there is a "bright line" of distinction between residential vacation rentals and other forms of lodging in San Luis Obispo County. Given the stay limitations imposed upon vacation rentals and other unique characteristics of this industry, it is highly unlikely a case could be made that residential vacation rentals will receive any Special Benefit from inclusion in the TMD. At your Public Hearing and Approval of Resolution establishing the TMD on April 7, 2015 (Item #27), please exclude residential vacation rentals from the proposed district with findings are referenced above.

Please feel free to contact me with any questions you may have.

incerely,



Jeff Edwards

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TMD info from Susan Lyon

Cytasha Campa to: cr_board_clerk Clerk Recorder, Nikki Schmidt

04/03/2015 08:51 AM

Please see attached



doc20150403095317.pdf

Kindest regards,

Cytasha Campa

Secretary to the Board of Supervisors

San Luis Obispo County

APR - 1 2015

Dear Honorable Board of Supervisors,

I am requesting you remove the B&B and Vacation Rental category of lodging establishments off the 2015 proposed county wide TMD/BID.

At the very least, continue the decision until you have answered these questions and remedied the problems.

You can make every voice count by tallying up both support and protest by each category. Then by majority of each category include or exclude. This is not only possible but You, the board, have the power to let free enterprise work.

Thank you in advance for excluding this unnecessary tax on small businesses that have not asked for your help. Let the Hotels have what they want and at the same time let the small businesses carry on their business they way know best. Please use the BID process for meaningful projects not forced unnecessary advertising.

Susan Lyon

Here are issues that need to be addressed:

1. Notification to the lodging establishments was not timely, was incomplete and misleading
 - a. No Ballots on the Protest first mailing (by contrast the support mailer had a ballot) followed by a 2nd protest mailing with ballot received March 7th
 - b. Supply list of vacation rental names from each city and proof of notification
 1. The numbers do not add up. eg. 40 businesses in Morro Bay by county records were mailed but according to Morro Bay they have over 150 vacation rentals
 - c. Notification misrepresented that by 51% of the lodging dollar support the district would be formed. The 51% vote is only to be heard. The Board has discretion to add, delete or deny.

How do you tally and respect all returned ballots if the SLO County Clerk Department doesn't receive till on the day of the hearing, April 7th.
3. Press represented this as a Hotel BID/Assessment and your handouts confirmed that this is a HOTEL Assessment and that was a done deal by virtue of the 51% dollar ballots. Again 51% is to be heard!
4. A Benefits and Special Benefit list are to be supplied to businesses and how they are to be accomplished. The plan is very vague with no substance.
5. No outreach to the B&B or Vacation Rental category
6. Small Businesses have no faith in the agency/VISIT SLO and yet we are forced to advertise with them. No proven track record with small businesses.

7. The graphs supplied clearly show that SLO is doing fine compared to our north and south neighbors.
8. Spill over benefit works both ways. Our advertising helps the area and the hotels, Please do not discount the amount of world wide web they we attract.

In summation...

Contrary to your staff and the press the Board of Supervisors has discretion to change, delete, and/or exclude a category.

This is possible by way of the Code below

Questions that are required to be answered by the statute 36620-26630 and allowable exemptions are as follows:

Please answer to all establishments in writing.

8. 36628 Allows the board to exempt members based on benefit
Please provide the benefits in writing to all establishments
 - a. Allows the board to define categories of businesses based on degree of benefit that each will derive from the improvements or activities to be provided within the assessment. (If we are booked already how are they helping)g
9. 36628 allows each member the right to know what each member of the b&bs and Vacation Rentals would specifically get out this assessment. Statute 36628.5 Requires the board to structure the assessment so it corresponds with the "Reasonable Cost" of the proportional special Benefit conferred on that parcel. ie, It has to be a cost Benefit not just for the special district but for each individual parcel that is assessed
If there is a benefit it is not worth more than a yearly listing.
10. 36622/ Request and Demand clear language what the district will do for each category and how.

STREETS AND HIGHWAYS CODE

SECTION 36620-36630

36622. The management district plan shall include, but is not limited to, all of the following:

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof.
If the improvements, maintenance, and activities proposed for each

year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by

the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

36628. The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

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TID
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